

3 YEAR STRATEGIC PLAN



December 21, 2010

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STRATEGIC PLAN

I. INTRODUCTION

This report addresses each of the four major focus areas for the HealthPlan: Viability, Growth: Expansion & Diversification, Systems of Care and Infrastructure, and a fifth temporary focus area, Health Care Reform subsequent to the passing of the Patient Protection and Affordable Care Act. A summary has been provided for each area of focus and includes key objectives, key outcomes and key questions. Staff have provided commitments and suggested actions to take place from 2010 through 2012, based on the information we have now regarding organizational capacity, Board priorities and State/Federal priorities and funding. Tables have been provided with major projects and initiatives that include pros, cons, and financial impact to the HealthPlan. Further, the year one surplus projection has been updated with the Board decision to expand to Mendocino & Marin Counties, which are considered the best counties at this time to contribute to our reserves.

II. THE PLANNING PROCESS

Department Directors. PHC has an internal strategic planning process that begins with input from the Directors at two semi-annual planning retreats. At each retreat, the Directors look at challenges and issues for the next period for the HealthPlan and by department. Projected financial statements are presented and discussed.

Board Committee. The Strategic Planning Committee of the Board of Directors of PHC meets four to six times per year and gives significant consideration to options available to PHC and to external developments of importance to the HealthPlan. Over the last year, the Strategic Planning Committee considered a number of topics relating to PHC's direction including financial viability, Healthy Kids, Healthy Families, Medicare Advantage, Medi-Cal expansion opportunities, national health care reform efforts and this Strategic Plan.

Strategic Planning Retreat of the Board. In February 2010, the Board of Directors, the CEO, and directors met in a day-long retreat to consider how the HealthPlan should proceed in furthering the Plan's goals to maintain financial stability, enhance systems of care, improve infrastructure and still grow to provide MediCal and other programs in additional counties. Although federal health care reform efforts appeared politically dead at the time, two experts in health care policy presented at the meeting. Lucien Wilson, Executive Director at the Insure the Uninsured Project (ITUP) spoke about implications of potential health care reform components and Stan Rosenstein, Principal Advisor at Health Management Associates (HMA) spoke about California's budget and 1115 Waiver Renewal.

Four board members (Tanir Ami, Dr. Kirk Pappas, Elnora Cameron, and Patrick Duterte) then participated in a panel discussion offering their views on these issues from the clinic, physician, hospital and county perspectives. The day concluded with a discussion on what PHC needs to do over the next five years in order to remain a robust organization.

Strategic Plan. This document is a recommendation to the Board of Directors of PHC. It incorporates input from the Board, the Strategic Planning Committee of the Board, the HealthPlan strategic planning process, and judgments of management.

III. MISSION STATEMENT

The mission statement of an organization answers the question, "Why does this organization exist?"

The mission of Partnership HealthPlan of California (PHC) is to provide quality, accessible and efficient health benefits and services to Medi-Cal members and other select populations in the region through a public-private collaborative partnership. The HealthPlan's Mission Statement is:

**To help our members and the communities
we serve be healthy**

PHC addresses this mission by providing care to members and designated communities. PHC also strives to identify and provide preventive health care services such as immunizations, prenatal care and special programs for the management of such chronic diseases. These programs substitute preventive care for episodic care and improve the quality of life and functioning of PHC members.

IV. STRATEGIC GOAL

The Strategic Goal of an organization answers the question, "What does the organization want to achieve?"

PHC has many constituencies: providers, members, the California Department of Health Care Services (DHCS), the Department of Managed Health Care (DMHC), the Centers for Medicare and Medicaid Services (CMS), the Managed Risk Medical Insurance Board (MRMIB), local health departments, and elected officials in the areas we serve. PHC has goals of serving each of these well. The HealthPlan's Strategic Goal is:

**To be the most highly regarded
managed care plan in the areas we serve**

This goal applies equally to each constituency. If PHC performs with respect to each so that it is perceived to be the best health plan, it will have performed well overall. This means that PHC will need to be timelier than others, deliver with higher quality, be more sensitive, be more culturally appropriate, utilize resources more effectively, reimburse providers more fairly, provide better preventive care, listen better to members, and be innovative about becoming more effective.

Intelligent planning, consistent execution and financial stability are the prerequisites of achieving success. Sound, participative management that is honest, direct and respectful is the foundation underlying this planning and execution.

V. SUPPORTIVE VALUES

PHC strives to maintain these values and revisits them frequently to assure that they are clear to directors and staff.

PHC Philosophy of Management

The purpose of this document is to define the principles to be followed by PHC directors and managers, and, by example, PHC employees.

PHC exists to serve our members and other partners.

We embrace the principles of Honesty, Quality, Communication, and Participative Management. We believe these principles dictate the following objectives:

- 1) Strive to have fun at work
- 2) Be compassionate
- 3) To put our people first
- 4) To provide excellent quality service
- 5) To be responsive and exceed our service expectations
- 6) To have management set examples for staff
- 7) To have Honest, Direct and Respectful (HDR) communication
- 8) To strive to be innovative
- 9) To be good stewards of our resources
- 10) To strive for diversity of ideas, people and services
- 11) To provide for and form collaborative partnerships
- 12) To provide support for each other in reaching objectives

OVERVIEW OF MAJOR FOCUS AREAS AND PRIORITIES

VI. MAJOR FOCUS AREAS

The major focus areas of PHC are the following:

1. Viability
2. Growth: Expansion & Diversification
3. Systems of Care
4. Infrastructure

1. Viability

Historically, PHC has had difficulty in obtaining needed funding for inflation. In response to limited State funds, PHC staff worked to reduce costs and to track implementation of initiatives with measurable promise to reduce cost and/or increase efficiency. These are monitored by the management team on a regular basis.

- **Provider payment.** After several months of planning with an ad hoc provider advisory group, PHC revised its PCP incentive program to reflect a greater emphasis on quality measures, to have clearer objectives, to provide actionable and more timely data. This program went into effective July 1, 2010. We will look at further revisions for specialists and hospitals.
- **Healthcare cost reduction.** PHC staff monitors a list of health care cost containment projects with promise to reduce cost and improve service.
- **Administrative cost reduction.** Already one of the most cost effective health plans in California as recognized by the California Medical Association, PHC identified a number of projects aimed at reducing administrative costs even further. Our administrative cost is less than 3.5% for Medi-Cal.

The HealthPlan, with its Board and the California Association of Health Insuring Organizations (CAHIO), has continuously promoted the County Organized Health System (COHS) model to our various stakeholders, DHCS, the Governor's office, and legislative leaders. The Board believes it is crucial that PHC continue frequent communication with these parties, as well as with business and voters. These entities must know that if PHC were not here, costs to the State would rise and the health of the Medi-Cal patient population in our counties would decline.

2. Growth: Expansion & Diversification

PHC has a history of expanding, both geographically and programmatically.

- **Diversification.** PHC will continue to pursue sustainable rates while exploring other product lines and programs that allow for diversification and reduced dependence on the State of California for revenue. In FY 2010-1011 PHC began participating in the Healthy Families Program, offering services in our four counties as of October 1, 2010. Third Party Administrator (TPA) and Administrative Services Only (ASO) products that provide income without the risk associated with PHC's current lines of business will be considered. Health Care Coverage Initiatives (HCCI) are an example of such services and are described further under Health Care Reform.
- **Medi-Cal Expansion.** While PHC believes that the COHS model serves Medi-Cal and other safety net recipients better than the fee-for-service system, geographic Medi-Cal expansion remains contingent on sustainable rates from the State and in subsequently building a sufficient provider network. PHC continues to meet with representatives from Marin and Mendocino Counties with expansion into both counties planned for July 1, 2011.

We will have a major focus on health care reform to look at products, provider capacity and infrastructure.

3. Systems of Care

Since the inception of the health plan, PHC has had a commitment to improving the care and service to PHC members. The Plan has won several HEDIS awards, national quality improvement distinctions, and numerous grants. Due to the significant financial strains on the plan over the last few years, PHC has expanded our quality improvement efforts to focus on the efficient use of plan resources while continuing to focus on improvements in care and service. This has led to a variety of projects, such as improving the care for members with back pain, which focus on reducing the overuse of certain diagnostic and therapeutic modalities, and reducing avoidable emergency department care.

As we continue to look forward to the future, it is clear that significant and sustained improvements require a system-wide approach with a heavy emphasis on collaborating with members and providers, leveraging our limited resources to maximize efficiency of care, utilizing evidence-based approach, and embracing a culture of innovation. PHC remains committed to measuring the effectiveness of interventions, specifically focusing on the financial consequences of each project. PHC has been working closely with members

and providers on establishing systems of care to improve both quality of care and service to all PHC members.

System redesign activities already undertaken or under consideration with significant promise includes:

- Promoting the use of preventative services, which have a strong evidence base to lead to improvements in health outcomes and quality of life to our members and are likely to result in long-term reductions in morbidity.
- Developing innovative approaches to reimbursement of primary care likely to result in improvements in quality and efficiency of care to members.
- Specialist access and care to focus on improving efficiency and reimbursement.
- Case management of high risk/high cost members and other activities supporting PHC members:
 - Complex Case Management
 - Home Visitation
 - COPD Case Management
 - Care Transitions
- Working collaboratively with practices and members to promote evidence-based approaches to high quality, efficient care such as the chronic care model and patient-centered care.

Continue and evaluate:

- Complex Case Management
- Home Visitation
- COPD Interventions
- Care Transitions
- Back Pain Management Program
- Improvements in diabetes care
- Advance Care planning
- E prescribing
- Efficiency of opioid management
- Reducing Avoidable Emergency Department use
- Access to Prenatal care
- Cost effective pharmacy management
- Reimbursement systems for provider services that maximize cost effective improvement in care and service to PHC members
- Behavioral health care – access and coordination

Expand through continued evaluation and implementation:

- E prescribing
- Consider congestive heart failure management
- Complex Case Management
- Additional efficiency project
- Other projects identified in 2011 as determined to be appropriate for expansion/continuation based on results

4. Infrastructure

With the growth necessitated by expansion into Healthy Kids, Healthy Families, Sonoma Medi-Cal and Medicare Advantage, PHC began to reach a level of business at which a more systematized approach to functions was necessary. Whether through geographic expansion, or expansion through diversification PHC continues to need a more developed infrastructure to support doubling in size, through service area expansion or growth through federal health care reform. In order to fill the needs of a larger, more diversified workforce and working environment, PHC identified the need for:

- A more formal recruiting function
- An assessment of the current workforce including an inventory of skills
- A staff training program
- Reporting relationships involving a Chief Operating Officer
- A focus on performance standards that hold staff accountable
- A stronger IT infrastructure
- Expanded analytic capacity
- More formalized business practices, and additional automated functions
- A distinct government relations/business development function

IT will continue to focus technology on supporting control of health care cost, improving quality of care, and continuing to ease the administrative burden on providers through tools that allow providers to access information on management and care of patients. In addition, PHC has recruited a new manager of business development/project management who will lead PHC's government relations efforts as well. The new manager will report to the CEO and will begin employment in early 2011.

Serving Stakeholders

Customer Service is critical in any organization and PHC serves many customers, both internal and external. These stakeholders include providers, members, employees and our regulators – The State Department of Health Care Services (DHCS), The State Department of Managed Health Care (DMHC), The Managed Risk Medical Insurance Board (MRMIB) and the federal Centers for Medicare and Medicaid Services (CMS).

Providers. Quality, access, and costs are the key elements of a successful managed care organization. These elements are delivered through our Provider affiliations. PHC will continually strive to be the health plan of choice in the communities we serve. We will distinguish ourselves by:

- A collaborative approach to plans and programs affecting providers
- Provider involvement in governance
- Fair payment to providers
- Sensitivity to provider concerns
- Good member access to providers
- Outstanding service

PHC wants to be a respected participant in the provider community.

Members. PHC's reason for being is to serve the health care needs of our members. Many PHC members are from low socioeconomic levels, have special medical needs, and have little political representation.

We attempt to design a health care delivery system that:

- Addresses our members' health care needs.
- Collaborates with other agencies to meet their psychosocial and other needs.
- Provides culturally and linguistically appropriate services.
- Strives to care for and service our members and provide solutions to their unique health care needs.
- Involves members in our governance.
- Seeks input from members on better methods of providing care and services.

Wherever possible, we will develop preventive care services that maintain member wellness rather than provide the treatment that would be necessary if the preventive measures were not taken.

Employees. We recognize that our ability to accomplish our mission is tied to the motivation and performance of our employees. We value and respect our employees. Management strives to hold itself to high standards and expects high standards from staff. We desire to pay a competitive rate and to be aware of employees' needs and expectations.

Our employees have been involved in developing our mission and value statements and are involved in planning major initiatives. We involve employees in decision-making because it is beneficial to the employees and to the planning process.

We celebrate achievements with awards, recognitions, and events. We have employee of the quarter and employee of the year awards and we celebrate birthdays monthly. We have over 80 functions annually which emphasize that PHC is a friendly and caring work environment. These functions are designed to allow employees to participate with each other as friends, not functionaries in various departments.

The HealthPlan has established a Philosophy of Management to create an expectation of excellence in management. We have a system of management by objectives. Each director and manager establishes measurable objectives annually and reports on them semiannually. Each director and manager is accountable for performance to these objectives and is encouraged to set performance goals for his/her key staff.

There is a Board-approved succession plan which is maintained and updated when necessary.

Regulators. Being regulated by the California State Departments of Health Care Services and Managed Health Care, as well as the Managed Risk Medical Insurance Board and the Centers for Medicare and Medicaid Services often results in disparate and even conflicting requirements upon the HealthPlan. With the exception of the Healthy Kids, Healthy Families and PartnershipAdvantage (Medicare) programs, the majority of PHC's revenue currently comes from DHCS. PHC works hard to be accessible to and cooperative with DHCS management and staff. We intend to retain these positive relationships.

PHC has fostered a good working relationship with the California Department of Managed Health Care (DMHC), which regulates the Healthy Kids program, the Managed Risk Medical Insurance Board, which regulates the Healthy Families program, and the Centers for Medicare and Medicaid Services (CMS) which regulates the PartnershipAdvantage program.

VII. ACTION PLAN

This Action Plan details the measurable commitments implementing the goals of the Health Plan. An update on last year's goals is provided in Attachment 1. The following are goals for FY 2010-2011.

I. Viability

A County Organized Health System is a risk-bearing health plan. Cost-effectiveness is mandatory for survival. To do well in the current environment, we must be as cost-effective as possible. We will take the following action:

- Achieve administrative and/or health care cost savings of at least \$2,180,000 through Member Services, Provider Relations, Claims, Health Services (Utilization Management & Care Coordination) and Information Technology (IT).
- More frequent review of investment strategies for SERP.
- Department by department analysis to create better use of reports and data to simplify workflow by coming up with at least five new improvements to current tasks.
- Develop system for reconciling member-level payment data with the State's monthly eligibility file (820 file format) for DHCS revenue reconciliation.
- Work closely with Milliman to ensure all political implications are known for Medicare Bid submission in 2010.
- Reach 1,800 new CMS-approved enrollments into PartnershipAdvantage
- Lead effort to establish organization-wide systematic improvements to increase the star rating in the Medicare Advantage Health Plan Report Card.
- Develop Sonoma County key indicators report to monitor and track ten financial utilization and quality indicators.
- In collaboration with the Pharmacy Director, visit the top 20 high prescription volume Medi-Cal practice sites for academic detailing to discuss cost effective prescribing and promote use of the Pneumovax.

By being more cost-effective, PHC has resources to pay providers above Medi-Cal rates and to support additional benefits designed to improve patient outcomes. Cost-effectiveness supports freedom to innovate.

II. Growth: Expansion & Diversification

Key strengths of PHC are planning, working collaboratively with providers and other partners, and execution. These strengths support expansion of operations to additional geography, product lines or programs, making the HealthPlan less reliant on a single source (the State of California) for revenue. Community leaders see this potential and have made references to PHC potentially managing other programs.

- Plan and prepare for geographic and/or programmatic expansion; implement infrastructure/staffing and policy/procedure changes to effect a smooth transition.
- Develop detailed admin & health care cost budget; perform financial analysis in support of contract negotiations; and participate in operations implementation team for Marin and Mendocino County Medi-Cal start-up, and Healthy Families start-up.
- Evaluate provider rates and work with Provider Relations department to come up with a strategy to implement a targeted specialty increase; hospital increases for our capitated hospitals, and determine if anything needs to be modified for PCPs.
- Develop a five-year plan to address strategic issues around health care reform. Written report will include prioritization of product offerings to include pros and cons, and ratings of criteria (e.g. mission, financial), year to year key goals and tactics.
- Complete written feasibility assessment on the provider network for Marin & Mendocino County Medi-Cal expansions.
- In preparation for health care reform, evaluate the current need versus supply for primary care and specialist physicians. Project primary care and specialist needs from 2011-2014. Develop a plan to address gap for all four current counties.
- Launch Healthy Families with at least 150 enrollments.
- Negotiate memoranda of understanding (MOUs) with the County Mental Health Departments of each of the four counties being served by PHC.
- Conduct a minimum of 30 provider educational sessions for healthy Families once documentation is submitted to and approval is received from DMHC/MRMIB.
- Inform, educate and promote PHC's new Healthy Families product in Sonoma County using three main communication channels: Press release and SCMA Newsletter, attendance at regularly scheduled monthly meetings, and attending Sonoma County CCA training meetings at least twice during the fiscal year.

PHC has tremendous opportunity to move its proven approaches and systems into new venues and provide more integrated care to safety net populations on a broader base.

III. Systems of Care

- Develop a report that details the clinical practice systems of care options to enhance practice quality and productivity such as telemedicine, physician extenders, and group appointments.
- Develop and present the business case for utilizing a Solano County “Baby First” model for pre-natal substance abuse screening and referral in the other three PHC counties.
- Learn about Kaiser best practices such as the Healthy Heart program and choose one that will be implemented at PHC.
- In conjunction with existing public health regional meetings of county health directors and health offices, partner with PHC counties to add PHC topic discussions and planning to agenda.
- Explore opportunity and make written recommendation for PHC applying for “Best Company to Work For in America”.
- Complete a follow-up summary report of the Care Transitions Program to be submitted to the Board for approval, which includes the program’s cost effectiveness to date, and recommendations for next steps/possible expansion.
- Provide preliminary evaluation of revised Growing Together Perinatal Program, including summary of activity and outcomes through first 6 months of program.
- Participate in COPD collaborative, QIP and work with staff to implement interventions and measure outcomes.
- Participate in development of Quality Incentive Program designed for Medicare line of business.
- In coordination with Regional Medical Directory, Provider Relations Director and key stakeholders in Sonoma County, continue to update refine and implement the specialty access plan for Sonoma County.
- Work with Solano and Sonoma Counties on Intergovernmental Transfer (IGT) opportunities to improve behavioral health services, clinic infrastructure and access.
- Refocus on improving HEDIS scores.
- Work with Ingenix Consulting to improve Medicare (PartnershipAdvantage) “Star” ratings.

- Develop a business case for adding pulmonary rehabilitation as a PHC Medi-Cal benefit.
- Develop a Quality Improvement tracking program that provides individual targets for PCPs, monthly updates beginning in October 2010, and a continuous improvement program for changes.

We believe that quality improvement and promotion of efficiency through innovative approaches to improving the systems of care is an integral part of our health plan mission. Health care delivery is an inherently fragmented process with different health care professionals providing different services. To the extent that health care can promote best practices based on evidence, care and service can be improved. Because of the extraordinary complexity of medicine, the opportunity for improvement exists in care for almost every disease and condition. Through the use of evidenced-based, innovative, collaborative changes in the way PHC and our partners deliver care, we believe we can achieve significant measurable improvements for our members.

IV. Infrastructure

The agenda for PHC in infrastructure for FY 2009-2010, is focused on further automation and system enhancements to prepare for further programmatic and geographic expansions.

- Develop, implement and evaluate an employee wellness program.
- Visit three Medi-Cal managed care plans, identify three operational best practices for PHC to consider, and choose one practice to implement.
- Partner with Member Services to translate the pharmacy formulary so that is understandable by Member Services staff.
- Implement an ACD system for the Pharmacy Department.
- Research, review and implement if feasible additional functionality with the payroll timekeeping system to assist managers and directors with the timekeeping of their employees.
- Reevaluate the Chart of Authority for the purpose of making efficient and timely financial business decisions in light of expected growth in existing and additional product lines.
- Work with the Provider Relations Department to enhance the audit of the Provider Pay to data fields.
- Redesign current Monthly Operating Report packet to focus on key actionable metrics.
- Develop and implement company-wide training sessions to help employees better utilize Microsoft Office software.

- Develop and implement changes to the check run process in order to create a more efficient process as well as show cost savings.
- Develop and implement a revised ergonomic program that will include evaluating current policies, implementing policy changes if needed, and developing a standard ergo workstation set up for all new employees as well as those moving to new workstations or offices.
- Automate processes surrounding human resources management; HR, benefits administration, recruiting and reports.
- Integrate payroll and time & attendance to HRB enabling PHC to effectively manage payroll processing, time tracking, manage salaries and pay grades.
- Implement online recruiting module through HRB solution to allow for a more efficient and effective process for HR recruitment.
- Develop an Employee Analysis Summary to give to all staff.
- Create and develop online testing programs for recruitment.
- Explore Wonderlick Assessment Test and make recommendation to CEO whether or not to go forward with tool.
- Implement 9/80 work week if approved.
- Develop work plan with Finance to train Directors, Managers and Supervisors on internal and external payroll requirements and respective labor law.
- Develop a plan wide review of infrastructure needs for Health Care Reform, Healthy Families, and other Products.
- Rewrite and revise current Medi-Cal Claims Operations Instructions Memorandums.
- Participate in the implementation of regions codes for Napa and Yolo Medi-Cal counties.
- Automate paper CHDP claims by either developing an electronic claims and adjudication process or by an electronic claims option.
- Identify and develop claims staff to assume responsibility for claims section of the HEDIS and UBH audits
- Create the maps from the 4010 to the 5010 electronic formats with IT.
- Review routed claims between Health Services and Claims, evaluate information and report outcome and recommendation. Based on report, select and implement changes to two route categories to reduce pended routes in those categories between departments.
- Automate LTC bedhold claims to TAR matching to reduce manual claims interventions by 25%

- Create a new electronic storage area on the network and implement a process so that Health Services can keep electronic records of all paper documents.
- Create a new process for providers to request corrections to existing approved electronic TARs.
- Finish server room cleanup project.
- Create all six required EDI processes for the Healthy Families product line.
- Create a process that will automatically save AMISYS produced letters in a system where the letter can be retrieved easily by Claims staff.
- Design, create and implement the new web-based call center system for the Customer Service Representatives to use instead of AMISYS.
- Relocate all departments to their new up or downstairs locations including all computers, printers and network copiers/printers.
- Reorganize the IT Department by moving people around to better serve the PHC community.
- Integrate all letters into M2 system to improve efficiency and reduce manual processes.
- Develop a contracts/rates routing process to ensure Finance, Claims and Health Services departments are notified of all new facility contracts, rates, and provisions of the new agreement/amendment.
- Implement Intellisoft upgrade to Version 0, testing and Provider Relations staff onsite training conducted by vendor.
- Develop enhanced rates, and/or bonus programs based on key specialists to improve timely appointment access.
- Schedule a minimum of 15 provider trainings/in-services with Claims Department staff to promote use of e-CIF attachments.
- Update current Communication Plan for Sonoma County and expand communication tasks by 20% to include PHC staff attendance at three community-wide events, greater interface with business community and opportunities and member education.
- Restructure the Lead Unit within Member Services with the purpose of providing assistance managing multiple Call Center queues.
- Participate in a workgroup that determines how to operationalize the CMS requirement relating to Third Party Payers and other health insurance.
- Streamline at least four processes in the Enrollment Unit and four in the Call Center.
- Work with our IT consultant to evaluate our IT capabilities, capacity and vulnerabilities.

- If PHC expands the Medi-Cal product into additional counties, or chooses to participate in one of the coverage initiatives or participate in one of the Health Care Reform options, set up infrastructure for that project.
- Implement Healthy Families claims functions by 10/1/10.
- Schedule & complete a minimum of 15 provider trainings/in-services to promote use of e-CIF attachments.
- Work with VOX and IT staff to determine the feasibility of reducing the number of reports used to generate monthly and weekly phone statistics.
- Complete Space Plan and subsequent moves of departments into new space on the 2nd floor of 360 Campus Lane. Complete any improvements to first and second floors for department moves.
- Reduce Claims Department space needs. Develop a work from home program for claims examining staff, along with rules and criteria for the program.
- Develop a plan of management structure, space, staffing and training needs for Health Care Reform and Healthy Families.
- Research future building location options including the option to purchase, maintain current lease, and/or explore other lease options.
- Install and implement MedResponse.



Relationships with Providers. Providers are a key partner for PHC. By involving providers in the Plan's governance structure and decision-making, we have established and maintained strong relationships with this community. The reality of managed care is that reimbursement may not be what it once was but patient care emanates from the provider. One of the best ways to motivate good patient care is for PHC to have a positive and collegial relationship with providers.

Relationship with Members. PHC serves its members by providing high quality clinical care, by working to enhance that care, by offering a choice of providers in all specialties, by providing preventive health services based on population need, and by making it easier for members to communicate with PHC.

As a County Organized Health System, our members are assigned to PHC. It is our responsibility to listen to our members, to be attentive to member needs, and to be culturally and linguistically sensitive in doing our job well.

Relationship with Regulators. PHC maintains a good relationship with the Department of Health Care Services, the Department of Managed Health Care, and the Centers for Medicare and Medicaid Services (CMS).

PHC will work hard to maintain its good relationship with DHCS and other payers and regulators as we owe this to these sponsoring and supporting agencies.

Relationship with Employees. PHC is its employees. PHC can only succeed if employees believe in the organization, are happy working here and want to achieve the objectives sought.

PHC is proud that many of our employees have long-tenure and are among PHC's greatest assets. It is important that we retain the personal nature of HealthPlan relationships as we grow and that each employee continues to be productive.

ATTACHMENT 1: 2009/10 ACTION PLAN STATUS (As of August 2010)

This Action Plan details the measurable commitments implementing the goals of the Health Plan. The following is an update on goals for FY 2009-2010.

I. Viability

A County Organized Health System is a risk-bearing health plan. Cost-effectiveness is mandatory for survival. To do well in the current environment, we must be as cost-effective as possible. We will take the following action:

- Reach 1,600 new CMS-approved enrollments into Partnership Advantage - Administration – 100%
- Reduce Worker's Compensation Premium/Mod Rates lower than prior year - Human Resources – 100%
- Reduce current negative balances by 15% by June 2010 - Finance – 100%
- Make recommendations for restructuring the Risk Sharing model to include financial implications, provider communications, training, and required contract amendments - Finance – 100%
- Using CMS RAPS software, evaluate effects of internal coding efforts on Part D risk scores, similar to process used to evaluate MA risk scores - Finance – 100%
- Complete an updated Sonoma Administration and HCC Budget once all contracts are resolved; incorporate into the Board approved Budget for Napa, Solano, and Yolo when the re-budget takes place - Finance – 100%
- Discover through the administrative or health care cost budgets, at least
 - a. In the Finance Department, \$100,000 in savings or cost avoidances.
 - b. In the Claims Department, \$100,000 in savings or cost avoidances.
 - c. In the Provider Relations Department, \$125,000 in savings or cost avoidance.
 - d. In the Health Services Department, \$250,000 in savings, cost avoidances, revenue enhancements and/or ROI on projects. Each UM and Care Coordination Team Manager will be responsible for documenting a minimum of \$100,000 in savings.
 - e. In the Pharmacy Department, \$250,000 in savings or cost avoidances.
 - f. In the Human Resources Department, \$60,000 in savings or cost avoidances.

- g. In the Information Technology Department, \$75,000 by automating e-TAR's for Pharmacy, automating the CAP letters processing, and implementing electronic claims for Sonoma County.

Savings should be new initiatives or incremental increase over prior year actual savings. Goals can qualify as long as cost avoidances or savings can be substantiated - All Departments – 100%

- Increase Administrative Savings by 3%. Out of county placement and HIPP savings can be shared with Health Services - Member Services – 100%
- Review data concerning cost and frequency of not less than three procedures/tests to determine the value/cost effectiveness of these services and determine the appropriateness of adding those procedures to the TAR requirements list. If evaluation process identifies procedures/tests that would be appropriate, establish criteria and implement TAR process for those procedure - Health Services – 100%
- Academic Detailing (A.D.):
 - a. In collaboration with the Pharmacy Director visit PCPs at the top 25 high prescription volume practice sites to discuss cost effective prescribing.
 - b. Develop a packet of drug criteria TAR attachment forms to be distributed during the visits.
 - c. The effects of the visits will be monitored by a survey and if any areas of improvement are identified implement a process improvement intervention - Health Services – 100%

By being more cost-effective, PHC has resources to pay providers above Medi-Cal rates and to support additional benefits designed to improve patient outcomes. Cost-effectiveness supports freedom to innovate.

II. Growth: Expansion & Diversification

Key strengths of PHC are planning, working collaboratively with providers and other partners, and execution. These strengths support expansion of operations to additional geography, product lines or programs, making the HealthPlan less reliant on a single source (the State of California) for revenue. Community leaders see this potential and have made references to PHC potentially managing other programs.

- In conjunction with the Human Resources Director, develop the Sonoma County Regional Office. This includes finalizing a contract for temporary space, the hiring, training and orientation of Sonoma-based personnel, installing videoconferencing equipment and setup of workstations/offices - Administration – 100%
- Submit all regulatory filings to establish HFP application, receive approval on PCP template contract and begin recruitment, receive approval on Evidence of Coverage and initial member Marketing Materials - Administration – 100%
- Analyze Medicare as a GO / NO – GO by the bid submission timeframe for 2010. Work closely with Milliman to ensure all political implications are known; schedule a meeting with the lead actuary to ensure all pros and cons are addressed. Make a decision before the 2011 bid date - Finance – 100%
- Implement configuration changes for Sonoma County expansion. System changes related to CCS carve out - Claims – 100%
- Participate in Sonoma County provider trainings - Claims – 100%
- Implementation of electronic claims for Sonoma county providers capable of generating electronic claims. Electronic claims testing, configuration and staff training - Claims/IT – 100%
- Schedule a minimum of 25 Sonoma provider trainings, include representatives from IT, Claims, Health Services, Member Services departments - Provider Relations – 100%
- Schedule CEO/PR Director/Chief Medical Officer visits with two major Sonoma hospitals, three major Sonoma primary care providers, and three other Sonoma provider operations within six months of start up to; 1) Identify satisfaction levels, 2) Identify problem areas, 3) Develop solutions and respond to issues in writing - Provider Relations – 100%
- In conjunction with Executive Deputy Director and HR Director, hire and train appropriate Provider Relations staff for Sonoma Program - Provider Relations – 100%
- HS Director to assume lead role in executing Memorandums of Understanding (MOU) with the various departments within the Sonoma County Department of Health and Social Services as required in PHC's contract with the California Dept. of Health Care Services - Health Services – 100%
- Work with appropriate Sonoma staff to establish a Sonoma Consumer Advisory Committee - Member Services – 100%
- Expand the Medicare Part A outreach to Sonoma County HSS and SSA staff - Member Services – 100%

- Establish a network of taxi vendors for Sonoma County for rides that exceed the Medi-Cal benefit - Member Services – 100%
- Develop written evaluation of Partnership Advantage product line for Board regarding continued viability of participation and potential expansion into Sonoma County - Administration – 100%
- Eliminate the need for the NPI processor database and all fields and necessary data items to be stored in Amisys - IT – 100%
- Develop and submit for approval a Healthy Families Program Marketing Plan and develop related member materials, including flyer, brochure, and official plan description. Develop and submit for approval all required member letters and develop a HFP page on the PHC website. Schedule Certified Application Assistant trainings for June and early July - Member Services – 100%

PHC appears to have a hard-won opportunity to move its proven approaches and systems into new venues and provide more integrated care to safety net populations on a broader base.

III. Systems of Care

- Complete analysis of, including Return on Investment, and make written recommendations for restructuring and/or expansion of the Chronic Case Management program, including any implications for the COPD and Home Visiting Programs - Health Services – 3.8 ROI
- Make recommendations for restructuring the PCP Risk Pool structure and implement to include provider communications, training, and required contract amendments - Provider Relations – 100%
- Identify funding source and apply for grant funds to provide technical assistance and monetary incentives to OB sites participating in the PPPIP. Convene PIT of OB providers, provide technical assistance to providers on measurement, gather data regarding early entry to prenatal care, and identify barriers to early entry. Engage OB practices in system redesign and team-based care to increase early entry into prenatal care. Set up measurement parameters (definition of variables, standard reporting format, definitions of numerator/denominator) and identify a point person at the OB practice to collect data. Collect data monthly after the summer meeting of the PPPIP. Measure the percentage of women in the collaborative practices entering care in the first trimester and improve the rate by 10% of the gap between current performance and our goal by 6/30/10. Report measurement to PHC Commission in the QI Dashboard. Promote implementation of the 4Ps+ substance abuse screening program. Measure the % of OB practices that have implemented screening with a goal of 50% of OB sites using 4Ps+ by 6/30/2010 - Health Services – 100%

- PHC has implemented e-prescribing capability for those physician who desire to do so. Because the program and e-prescribing is evolving and dependent on physician willingness to participate, following are objectives for the coming fiscal year:
 - Provide continual promotional and educational reminders to providers on the benefit of implementing and using electronic prescribing
 - Work with PBM to determine and identify usage patterns of e-prescribing utilization. Evaluate the pattern of implementation by performing a survey of pharmacies and prescribers. Health Services – Partially met
- Work with IT Dept to Improve Data Collection concerning referral sources and Length of participation GTPP program - Health Services – 100%
- Working with the QI and Provider Relations staff, apply continuous quality improvement principles, convene a PIT, implement interventions, and measure effectiveness of interventions. Reduce avoidable ER use by 10% of the gap between the best Medi-Cal managed care plan and PHC performance in Q4 of 2009 - Health Services – Partially met
- In collaboration with Quality and Care Coordination teams, participate in the COPD Process Improvement Team to identify barriers, identify interventions, implement interventions and develop measures of effectiveness to improve management and reduce hospitalizations due to exacerbation of COPD for PHC members. Assess return on investment when program has been operational for at least 6 months - Health Services – 100%

We believe that quality improvement and promotion of efficiency through innovative approaches to improving the systems of care is an integral part of our health plan mission. Health care delivery is an inherently fragmented process with different health care professionals providing different services. To the extent that health care can promote best practices based on evidence, care and service can be improved. Because of the extraordinary complexity of medicine, the opportunity for improvement exists in care for almost every disease and condition. Through the use of evidenced-based, innovative, collaborative changes in the way PHC and our partners deliver care, we believe we can achieve significant measurable improvements for our members.

IV. Infrastructure

The agenda for PHC in infrastructure for FY 2009, contains two big items: implement AMISYS Advance in August 2008 and prepare for geographic expansion and diversification by assessing needs to support a larger organization.

- Develop an organization-wide review of infrastructure needs (e.g. IT, management structure, staffing/training, and policy modification) and develop an action plan for each needed element - Administration – 100%
- In conjunction with the Human Resources Director and the management team, develop a written organizational assessment and departmental succession and training plan and implement training recommendations for existing managers and directors as approved by the CEO - Administration – 100%
- Identify and implement methods to fully staff the Claims Department. This will include alternative recruitment methods, a salary survey, greater automation, and employment testing modifications. This will include a written summary of actions to be taken - Administration – 100%
- In conjunction with the Chief Information Officer and Claims Director, increase automation and enhance performance of Amisys Advance to reduce, by 2 FTE, need for additional, unbudgeted Claims positions - Administration – 100%
- Re-evaluate existing space configuration taking in mind productivity, ergonomics, workman compensation claims and daily processes. Submit written recommendations regarding areas where improvement is needed or is necessary - Human Resources – 100%
- Develop leasing plan for Sub Leasing Space on second floor that would accommodate our needs and long-term expansion plans - Human Resources – 100%
- Prepare an action plan including dates for each occurrence for companywide training. Include at minimum one session for each topic area:
 - C&L Training
 - Supervisor 101
 - HR Policies
 - Customer Service
 - Compliance
 - Sexual Harassment

- HIPAA
- Security (I.T.)
- Team Building/Working together
- Human Resources – 100%
- Cross train HR dept. for more efficient and complete coverage due to absences including reception, check processes, purchasing, facilities and administrative assistant duties - Human Resources – 100%
- With the growth of Partnership’s employee base the task of providing daily payroll customer service requests has become increasingly difficult. In order to ensure all employee questions in a timely manner, a Payroll Help Desk with specific protocols will be developed - Finance – 100%
- Explore option of automating the matching of LTC authorizations to claims with the PHC IT and HS departments - Claims – 100%
- Develop and implement new searchable formulary for Member Services - IT – 100%
- Implement electronic claims for Sonoma County with providers capable of generating electronic claims. Electronic claims testing, configuration and staff training - Claims/IT – 100%
- Implement all the new hardware and software required by VOX to complete the phone system upgrade/conversion - IT – 100%
- Develop the mechanism to electronically transmit letters, attachments, and copies of claims to providers who are capitated and who should have received the claim directly from the servicing provider. We are obligated by regulations to forward this information to the correct provider and not deny the claim - IT – 100%
- Work with the other departments to do the following:
 - Assess if LOINC codes are contained in the Quest supplemental data files. If so, modify import processes to accommodate use of these codes in the future and back to January 1, 2008.
 - Review import and eligibility transmission processes and modify as necessary to ensure data accuracy and completeness.
 - Develop processes to track supplemental (non-claim/encounter) data received for accuracy and quantity including designating a staff position accountable to record number of records received in each transmission and an existing committee responsible to ascertain completeness IT – 100%
- Work with Member Services to develop an automated way of transmitting reports to the various representatives that have special requirements - Member Services – 100%

- Work with Member Services and Administration to develop an automated method of tracking PA referrals in the system so the Member Services Representatives may enter the referral directly and have that information be tracked for the bonus payout - IT – 100%
- Work with Member Services and Administration to simplify the TRR response system so that the MS reps can select more than one member and change their status with fewer clicks - IT – 100%
- Evaluate PR department Contracts Tracking system and HSD Tables reports. Develop proposal for review by Deputy Executive Director which includes identifying software and staffing needs in order to meet Regulatory reporting requirements for DHCS/CMS/DMHC - Provider Relations – 100%
- Review and identify outstanding contracts and/or amendments needed for HK, DHCS, and CMS (PA) lines of business - Provider Relations – 100%
- Work with IT to create an e-system demo using generic PCP and specialist provider log-ons with “dummy” member data so any provider type can receive e-systems training. Develop and update all provider training materials. Include the new web based self training provider e-eligibility option as a standing agenda item at all trainings/in-services - Provider Relations – 100%
- Working with IT Department develop and implement the top 5 priorities for M2 system improvements. Plan is to increase speed of data entry process, thus increasing staff efficiency - Health Services – 100%
- Revise and re-format 25% current documents in the reference manual to ensure all documents are updated and in a format that doesn't require as much staff time to locate and review documents - Member Services – 100%
- Determine the feasibility of reducing the average call center talk time by reviewing and reevaluating a minimum of 5 the MSR call processes - Member Services – 100%
- Work with IT and MedImpact to determine the feasibility of MedImpact providing the names, when applicable of the private health carrier information to pharmacies. This would eliminate or reduce the need for pharmacies to call the MS department for this information. MedImpact said that they are willing to discuss the possibility at the beginning of next year - Member Services – 100%
- Work with IT to determine the feasibility of eliminating the need for Enrollment staff to open all TRR's to determine required action(s). One possibility would be to sort the TRR's by transaction type - Member Services – 100%

- Work with IT to set up electronic copies of weekly and monthly reports. Receiving these reports electronically would eliminate manual filing and reduce storage space - Member Services – 100%
- Review and revise as appropriate, PA member correspondence issued by the Enrollment Unit to increase member understanding of material - Member Services – 100%
- Work with IT to develop a process that would allow MS staff to complete the Marketing referrals online and eliminating the need to manually validate/reconcile PA referrals submitted by MS staff. The first quarter of 2009 included 359 PA referrals submitted by MS staff - Member Services – 100%
- To improve provider satisfaction and savings in PHC staff time, implement e-CIF attachments for the provider network in conjunction with the IT and claims department. PR department will include updates on progress of e-CIF project during all provider trainings and provider bulletins/newsletters. Calendar a minimum of 4 e-CIF attachment trainings - Provider Relations – 100%
- Configure the RCHC capitation and FFS payment model on both the accounting and operations sides, so we can account for the difference between the capitation and FFS amounts, provide quarterly updates after six months, and monitor so we don't exceed the capitation ceiling - Finance – 100%
- Provider hassle factor reduction related to Medicare FFS crossover claims. Draft proposed crosswalk of Medicare HCPC injection codes (J codes) to Medi-Cal injection codes (X codes) by 11/1/09. Implement the crosswalk (manual process) with the Medi-Cal staff by 3/1/10 - IT – 100%
- Develop and implement an electronic process to electronically transmit capitated letters, claims and attachments to capitated providers - IT – 100%
- Implement the server/software necessary to accept the new 820 transaction set from DHCS for financial reporting of the capitation details. Includes implementing the new server required for the new EDI engine and implementing the new 5010 software from Sybase - IT – 100%
- Participate on the implementation of e-TAR for LTC and Medical Supply providers. Communicate and educate providers on new applications. Hold a minimum of 4 provider education sessions - Provider Relations – 100%



Relationships with Providers. Providers are a key partner for PHC. By involving providers in the Plan's governance structure and decision-making, we have established and maintained strong relationships with this community. The reality of managed care is that reimbursement may not be what it once was but patient care emanates from the provider. One of the best ways to motivate good patient care is for PHC to have a positive and collegial relationship with providers. Goals in support of this relationship include:

- Staff Development – Each Department will be responsible for developing team building events that increase morale and foster team work - All Departments – 100%
- With the growth of Partnership's employee base the task of providing daily payroll customer service requests has become increasing difficult. In order to ensure all employee questions in a timely manner, a Payroll Help Desk with specific protocols will be developed - Finance – 100%
- SERP Refinement. Work with PARS administrator on analyzing current status of retirement investment portfolio and discuss the financial impact of certain what if scenarios regarding change in participants, ensure all eligible SERP participants understand their benefits and options by setting up a special meeting where additional questions can be asked. Request an actuarial study to assess the impact of investment losses; accrue as much as possible from FY 2008/09, and if financial changes are required determine financial reporting and accounting impact - Finance – 100%
- Evaluate the need for another Investment Advisor, Pros and Cons, if the results indicate it is appropriate, an RFP will be developed - Finance – 100%

Relationship with Members. PHC serves its members by providing high quality clinical care, by working to enhance that care, by offering a choice of providers in all specialties, by providing preventive health services based on population need, and by making it easier for members to communicate with PHC. Accordingly, we will:

As a County Organized Health System, our members are assigned to PHC. It is our responsibility to listen to our members, to be attentive to member needs, and to be culturally and linguistically sensitive in doing our job well.

Relationship with Regulators. PHC maintains a good relationship with the Department of Health Care Services (DHCS), the Department of Managed Health Care (DMHC), the Centers for Medicare and Medicaid Services (CMS), and will now add the Managed Risk Medical Insurance Board (MRMIB) which oversees the Healthy Families Program.

Relationship with Employees. PHC is its employees. PHC can only succeed if employees believe in the organization, are happy working here and want to achieve the objectives sought. We will:

PHC is proud that many of our employees have long-tenure and are among PHC's greatest assets. It is important that we retain the personal nature of HealthPlan relationships as we grow and that each employee continues to be productive.

ATTACHMENT 2: THREE YEAR MAJOR FOCUS AREAS

AREAS	2011	2012	2013
Financial Viability	<ul style="list-style-type: none"> - Mercer rate justification - <i>Efficiency Factors</i> - <i>Evaluate Budget impact</i> - Evaluate Partnership Advantage - <i>Determine future of I.G.T. opportunities</i> 	<ul style="list-style-type: none"> - Mercer rate justification - Legislative advocacy - Cost efficiencies - Evaluate Partnership Advantage 	<ul style="list-style-type: none"> - Mercer rate justification - Health Care Reform: ROI
Systems of Care	<p>Expand through continued evaluation and implementation:</p> <ul style="list-style-type: none"> - Predictive modeling - Complex Case Management expansion (+HVP) - Care Transition Exp / ROI - Telemedicine - QI Program - 5 Star – HEDIS - Evaluate Behavioral Health (part 1-3) 	<ul style="list-style-type: none"> - Complex Case Management expansion (?) - Care Coordination – evaluate - S.P.D. Standards 	
Diversification / Geographic Expansion	<ul style="list-style-type: none"> - July 1, 2011 expand Medi-Cal to Mendocino and Marin Counties - Healthy Kids in Marin - Health Care Reform: Evaluating 	Health Care Reform: Planning	<p>Health Care Reform: Implementation</p> <ul style="list-style-type: none"> - 30% growth in MediCal - Exchange / Basic Health Plan (?)
Infrastructure	<ul style="list-style-type: none"> - Continue automation - Invest in I.T. - Analytics unit expansion (?) - Evaluate organization department structures 	<ul style="list-style-type: none"> - Move to new building - Health Care Reform: infrastructure planning & implementation - Access Standards reporting 	Health Care Reform: Infrastructure implementation